

July 3, 2003

HAND DELIVER

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: Discount Program Penetration Rate, D.T.E. 01-106

Dear Secretary Cottrell:

The Berkshire Gas Company ("Berkshire" or the "Company") appreciates the opportunity to address the briefing question raised in the Hearing Officer's June 19, 2003 Memorandum in this proceeding. Specifically, the Hearing Officer requested that parties address any "legal impediment and legal justification for utility participation in a computer matching program" that would involve the transfer of utility account information to the Executive Office of Health and Human Services ("EOHHS") for the purpose of identifying eligible utility customers for discounted rate service. Berkshire has long been committed to developing programs and services to assist its low-income customers. Indeed, during Berkshire's recent rate proceeding, the Commonwealth's leading advocate for utility low-income customers noted that Berkshire "has been a leader in helping its low-income customers with both a discount rate and the Commonwealth's longest-running low-income utility efficiency program." Lean In. Br., p. 1, D.T.E. 01-56. Consistent with this commitment, Berkshire appreciates the efforts of the Department and other state agencies in terms of developing programs with respect to identifying and enrolling eligible customers in discount rate programs.

Berkshire notes several general concerns with respect to the exchange of or the delivery of customer account information to government agencies. First, Berkshire notes that it is extremely sensitive to its customers' interest in privacy. Berkshire rigorously protects customer information, including more sensitive information associated with low-income eligibility. Berkshire is concerned that such mandatory exchange programs might violate its customer's interest in privacy. For example, the

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delivery of information, including necessary information such as social security numbers, that would enable the identification of eligible customers, might ultimately be subject to public access through a Freedom of Information Act request. Berkshire notes that a better option may be to establish procedures for customers to acknowledge their willingness to have Berkshire and other utilities deliver relevant information to the EOHHS or similar agencies. The Company's second general concern relates to matters of customer choice and preference. Berkshire notes that some customers, even if eligible, do not wish to retain discounted service. Berkshire has historically encouraged customers that are eligible to enroll in discounted services but has always respected the importance of customer choice. Any sort of exchange and automatic enrollment programs should be mindful that a significant number of customers elect, for their own reasons, not to enroll in low income or discounted rates. Third, Berkshire notes that the Department should be mindful of the rate impact on each utility of such automatic enrollment programs. Such programs may have additional and, perhaps, substantial administrative costs that may not be reflected in a utility's base rates. In addition, Berkshire is subject to a Price Cap Mechanism Plan with a term of ten years. The Plan's initial cast-off rates assumed a percentage of eligible customers that would participate in discount rates that is substantially below 100%. Berkshire notes that the automatic enrollment of nearly all eligible customers will have a substantial impact upon Berkshire's revenues and believes that appropriate and necessary adjustments should be made to utility rates if such automatic enrollment plans are adopted.

Again, Berkshire appreciates the Department's efforts to address the concerns of low-income customers. Berkshire remains committed to working with these customers, the Department and other state agencies to ensure that the service is provided under appropriate rates.

Thank you for your consideration.

Sincerely,

Karen L. Zink
Vice President and General Manager

cc: Michael Killion, Esq., Hearing Officer
Service List
James M. Avery, Esq.

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